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SUBJECT: REGIONAL PARTIES, NOT CONGRESS, EMERGE AS WINNERS IN EASTERN INDIA

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¶1. (SBU) Voters in Eastern India primarily supported regional parties that were outside the Congress-led United Progressive Alliance (UPA) that has returned to power. This trend has resulted in a divergence between the party and coalition in power at the national and state levels. Amongst the East's Big Five (Bihar, Jharkhand, Orissa, West Bengal and Assam), the UPA controls only one of the state assemblies (Assam) and temporarily administers Jharkhand under President's Rule. While the UPA's parliamentary presence in Bihar has significantly decreased, due to the poor performance of previous allies Lalu Prasad (Rashtriya Janata Dal - RJD) and Ram Viswas Paswan (Lok Janata Party - LJP); in West Bengal it has made inroads of unexpected proportions through a spectacular performance by ally Mamata Banerjee's All India Trinamool Congress vis-à-vis a severely weakened Left Front.

Local Issues Not National Ones Dictated Voter Behavior

¶2. (SBU) Local issues resonated more than national issues with the voting public in this parliamentary election (state elections were held simultaneously in Orissa). In Bihar and Orissa they voted for "stability and secularism" and rewarded "good governance and development" by returning Nitish Kumar's Janata Dal - United (JD-U) and Naveen Patnaik's Biju Janata Dal (BJD). They expressed their desire for "change" at the state level by voting against the Communist Party of India - Marxist (CPI-M) led Left Front in West Bengal and the UPA imposed President's Rule in Jharkhand. In Assam, concerns about "migration and identity politics" propelled the first Assam United Democratic Front (AUDF) parliamentarian to power with Muslim votes that were traditionally with the Congress.

Winners: JD-U in Bihar, BJD in Orissa and Trinamool in West Bengal

¶3. (SBU) Nitish Kumar deftly played the affirmative action, good governance and development cards to re-define traditional caste politics in Bihar and assert his dominance over a broken Lalu Prasad and his half-baked "Fourth Front" in the state. Naveen Patnaik's calculated break with its 11-year ally the Bharatiya Janata Party (BJP) reputedly over "secularism and the Kandhamal violence" paid off handsomely when his party improved in the parliamentary polls and swept the state assembly. Mamata Banerjee sealed a pre-poll alliance with Congress and campaigned on her populist message of "no fertile land for industrialization" and "change in West Bengal" to hand the Left Front its most humiliating defeat in the state since coming to power in 1977. Her Trinamool is the second largest constituent party within the UPA and she, herself, is one step closer to becoming Chief Minister of West Bengal in the 2011 state

assembly elections.

Ministries and Money - Political Stability and Economic Activity

14. (SBU) Post expects to see greater central financial largesse flow to West Bengal, due to Trinamool's electoral success and expected receipt of ministerial births. Correspondingly, Bihar will lose several important ministries, and accompanying funds, as ministers from former UPA constituents RJD and LJP either lost their parliamentary races or find that their parties have been left out of the new UPA government. Strong mandates and political stability in Bihar and Orissa, despite their belonging to the political opposition in parliament, will contribute to improved economic and investment climates in those states. These states will also be able to continue on their development drives, welcoming international assistance and project funding. On the other hand political uncertainty and instability in West Bengal and Jharkhand bode poorly for investors in those states until new state assembly polls are held and stable governments with strong mandates emerge. The West Bengal Left Front led state government has already indicated a "go-slow" approach on further development, land acquisition and industrialization in the aftermath of the polls. Congress' control of both the Center and the state in Assam should strengthen its counterinsurgency drive in this northeastern state, where the United Liberation Front of Asom (ULFA) and other separatist groups have conducted a string of domestic terrorist attacks in the past year.

An Opportunity to Engage with West Bengal

15. (SBU) Trinamool's win, and correspondingly the Left's defeat, in West Bengal should bring the historically leftward leaning West Bengal polity closer to a more US-friendly New Delhi and UPA foreign policy alignment. Splits within the national CPI-M party over reasons for the disastrous parliamentary poll reveal

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a Southern (Kerala), Eastern (Bengal) and ideological (New Delhi Politburo) divide. CPI-M members from West Bengal have since publicly and privately questioned the wisdom of their break from the previous UPA government over the US-India civil-nuclear deal. The anti-US imperialism plank did not resonate with voters in West Bengal and internal "communist" soul searching may be the first step in the party's transition to that of a democratic socialist party. Now may be the time and opportunity for US engagement to explain the sort of "expanded strategic partnership" that we desire with India and encourage such a transition. Finally, the BJD's electoral success, and the BJP's routing in Orissa - a clear vote for secularism over the Hindutva agenda - will enable the state government to ensure even greater protection for religious minorities in the state and reduce the possibility of future violence along the lines of Kandhamal.

TAYLOR